

## Message Text

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53

ACTION COME-00

INFO OCT-01 AF-10 EUR-25 ISO-00 EB-11 AID-20 DRC-01 RSC-01

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R 161410Z JUL 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 5951

INFO AMEMBASSY KHARTOUM

UNCLAS ROME 9777

E.O. 11652: N/A

TAGS: BEXP, SU, IT

SUBJ: MAJOR PROJECTS - GEDAREF-KASSALA ROAD

REF.: STATE 135325

1. ITALCONSULT HAS RECEIVED A LETTER FROM NELLO TEER'S DAR ES SALAAM OFFICE IN WHICH NELLO TEER DECLINES TO BID ON THE SUBJECT PROJECT BECAUSE OF THE UNCERTAIN FUTURE PRICE SITUATION DUE TO CONTINUED HIGH INFLATION. IN THE LETTER TEER STATES THAT ONE WAY AROUND THE PROBLEM OF HIGH INFLATION WOULD BE TO GRANT THE WINNING COMPANY A 20 PERCENT ADVANCE PAYMENT UPON AWARD OF CONTRACT AS WELL AS FULL PAYMENT FOR MATERIALS AND EQUIPMENT ONCE CONTRACTOR IS ON SITE.

2. ACCORDING ITALCONSULT, THERE IS A GOOD CHANCE THAT A 20 PERCENT ADVANCE PAYMENT CAN BE ARRANGED FOR THE SUCCESSFUL BIDDER, BUT THAT IT IS EXTREMELY DOUBTFUL THE FULL PAYMENT ONCE ON SITE CAN BE ARRANGED. HOWEVER REGARDING THIS SECOND POINT ITALCONSULT NOTED THAT THERE IS A PROVISION IN THE TENDER FOR CERTAIN PRICE REVISIONS IN LIGHT OF EXPERIENCE.

3. THE POINT IN TALCONSULT CONTACTING THE EMBASSY WAS TO GET THIS INFORMATION TO NELLO TEER INDIRECTLY, I.E. ITALCONSULT MUST NOT BE INDICATED AS THE SOURCE. BUT OUR CONTACT INDICATED THAT IT MIGHT BE WORTHWHILE FOR TEER TO TAKE ANOTHER LOOK AT BIDDING FOR THE CONTRACT. IF TEER SHOULD DECIDE TO BID, IT SHOULD NOTE

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INITS COVERING LETTER ITS DESIRE FOR A 20 PERCENT ADVANCE

PAYMENT UPON AWARD OF CONTRACT AND ALSO MAKE REFERENCE TO THE POSSIBILITY OF PRICE REVISIONS.

4. THE BID DEADLINE HAS BEEN EXTENDED TO SEPTEMBER 24, 1974.

5. ACTION AND COMMENT: DEPARTMENT MAY WISH TO PASS THIS INFORMATION ON TO NELLO TEER. WE CAN IN THIS INSTANCE, AS BEFORE, ACT ONLY AS A MESSENGER SINCE WE ARE NOT IN A POSITION TO EVALUATE ITALCONSULT'S SINCERITY (WHICH TEER SEEMS TO DOUBT) NOR COMMENT ON ANY PROBLEMS IN ATTRACTING QUALIFIED BIDDERS. VOLPE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Reference:** : STATE 135325  
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**Review Authority:** smithrj  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAJOR PROJECTS - GEDAREF-KASSALA ROAD  
**TAGS:** BEXP, SU, IT  
**To:** STATE  
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